

STATE OF INDIANA)
) SS:
COUNTY OF LaGRANGE)

IN THE LaGRANGE SUPERIOR COURT

CAUSE NO. 44DO1-0110-CP-151

STATE OF INDIANA,)
)
 Plaintiff,)
)
 v.)
)
DENNIS D. HEDGES,)
)
 Defendant.)

FILED

OCT 9 2001

JUNE A. PRILL, CLERK
LAGRANGE SUPERIOR COURT

**COMPLAINT FOR INJUNCTION,
RESTITUTION, COSTS, AND CIVIL PENALTIES**

The State of Indiana, by Attorney General Steve Carter and Deputy Attorney General Terry Tolliver, petitions the Court pursuant to the Indiana Deceptive Consumer Sales Act, Indiana Code § 24-5-0.5-1 *et seq.*, for injunctive relief, restitution, civil penalties, investigative costs, and other relief.

PARTIES

1. Plaintiff, State of Indiana, is an enforcing authority of Ind. Code § 24-5-0.5-1 *et seq.*, and is authorized to bring this action and seek injunctive relief, consumer restitution, and other relief.

2. Defendant, Dennis D. Hedges, resides at 3740 W. 350 N., LaGrange, Indiana, and has been a resident of LaGrange County at all times relevant to the Plaintiff's complaint.

FACTS

3. During the months of October and November of 1999, a number of people residing in Northern Indiana became involved in a money-making venture referred to alternatively as “ ‘Blessings’ Gift List,” “Gifting Activities,” or “Gifting and Receiving Activities” (hereinafter “Blessings”).

4. Blessings was a program organized as a pyramid-shaped grid consisting of four levels containing a total of fifteen positions. The fourth, or bottom level of the grid contained eight positions, referred to as “freshmen,” the third level contained four positions, referred to as “sophomores,” the second level contained two positions, referred to as “juniors,” and the top level, or apex of the pyramid, consisted of one position, referred to as the “senior.”

5. Any person wishing to enter Blessings was required to pay the senior the amount of Two Thousand Dollars (\$2,000.00) in order to secure a position on the bottom level of the grid, which allowed the person joining to recruit other persons to join Blessings.

6. When a senior obtained a Two Thousand Dollar (\$2,000.00) payment from eight people securing all eight positions at the bottom level of the grid, the senior was removed from the grid, which then split into two grids with the junior of each grid advancing to the senior position at the apex of their respective grid. Those positioned on the third and fourth levels also advanced to the second and third levels, respectively, creating eight new positions at the bottom level of each grid. A true and correct exemplary copy of a chart distributed to some of the participants in Blessings showing the movement of participants through the grid is attached and incorporated by reference as Exhibit “A.”

7. In the fall of 1999, Defendant began participating in Blessings and encouraged persons to join his grid to enable him to advance to the senior level. When Defendant attained the level of senior on his grid, he continued to promote Blessings directly and indirectly by encouraging those persons at the junior and sophomore level to sign up new participants.

8. During October 1999, Defendant, directly and indirectly through third parties, encouraged Ervin Miller of Middlebury, Indiana and Keith Miller of Bristol, Indiana to each pay Defendant Two Thousand Dollars (\$2,000.00) in order to join Defendant's grid and secure the ability to recruit new members, with the ultimate goal of advancing through the levels of the pyramid and receiving a Sixteen Thousand Dollar (\$16,000.00) payment.

9. As part of his promotion of Blessings, Defendant represented, either in person or through third parties, to prospective participants, including Ervin and Keith Miller, that Blessings was legal and that money participants received through Blessings was tax free, when Defendant knew or should have known such representations were false.

10. In truth and in fact, Blessings was an illegal pyramid scheme and payments received by persons who participated in Blessings were not tax-free.

11. As a result of Defendant's efforts in promoting Blessings and the representations set forth in paragraph 8 above, on or about November 1999, Defendant received payments from Ervin Miller and Keith Miller in the amounts of Two Thousand Dollars (\$2,000.00) each, for a total of Four Thousand Dollars (\$4,000.00).

12. Defendant's acceptance of these payments was done with full knowledge of all facts connected with the transaction, thereby ratifying the acts of the third parties who acted as intermediaries in bringing Ervin and Keith Miller into Defendant's grid.

13. The Defendant's efforts to promote Blessings were with knowledge of its illegality.

VIOLATIONS OF THE DECEPTIVE CONSUMER SALES ACT

14. "Blessings" is a pyramid promotional scheme as defined by Ind. Code §24-5-0.5-2(8).

15. Defendant is a "supplier" as defined by Ind. Code §24-5-0.5-3(B).

16. Defendant's actions in promoting Blessings as set forth above in paragraphs 7, 8, 9, and 11 above constitute violations of Ind. Code §24-5-0.5-10(3).

17. The deceptive acts set forth above will continue and will cause irreparable injury unless Defendant is enjoined from engaging in further conduct that violates Ind. Code §24-5-0.5-1 *et seq.*

RELIEF


WHEREFORE, Plaintiff, State of Indiana, requests the Court enter judgment against the Defendant, Dennis D. Hedges, and order the following relief:

- a. A permanent injunction pursuant to Ind. Code §24-5-0.5-4(c)(1) enjoining Defendant from promoting a pyramid promotional scheme in the future;
- b. Restitution pursuant to Ind. Code §24-5-0.5-4(c)(2) for Ervin and Keith Miller in the amount of Four Thousand Dollars (\$4,000.00);
- c. Costs pursuant to Ind. Code §24-5-0.5-4(c)(3), awarding the Office of the Attorney General its reasonable expenses incurred in the investigation and prosecution of this action;

- d. Civil penalties pursuant to Ind. Code §24-5-0.5-4(g) for Defendant's knowing violations of the Deceptive Consumer Sales Act, in the amount of five hundred dollars (\$500.00) per violation, payable to the State of Indiana; and
- e. All other just and proper relief.

Respectfully submitted,

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By: 
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Terry Tolliver/26674

"Blessings" Flow-Chart

Freshman

1	2	3	4	5	6	7	8
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Sophomore

1	2	3	4
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Junior

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Junior

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Senior

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